

and every tenth year thereafter, upon one year's notice and without indemnity, if they accepted the power of note issue involved in the new law. Those banks which were not disposed to accept the new conditions were dealt with in a manner similar to the departmental banks of France after the revolution of 1848. They were not deprived of the privilege of issuing notes, but they were forbidden by Article 42 of the law to carry on banking operations, outside the limits of the state which had given them the privilege, by means of branches or agents or to hold shares in other banks. Another provision (Article 43) declared that "The notes of banks having the privilege of note issue at the time of the promulgation of this law, shall not be employed in payments outside the state which may have granted them the privilege. The exchange of these notes, however, for other bank-notes, paper money, or specie is not subject to this prohibition/'

Banks which saw fit to submit to the new conditions were treated somewhat more favorably, pending the extension of the branches of the Imperial Bank throughout the Empire. They were governed by Article 44 of the law and were subject to the same conditions, as to the classes of securities dealt in, the character of the commercial paper held, the proportion of cash reserve to circulation and the payment of benefits to the state, as the Imperial Bank. They were required to hold security for their circulation to the amount of one-third in money having currency in Germany, in Imperial Treasury bonds, in gold bullion or foreign gold coin. The remaining two-thirds of the circulation was required to be protected by bills of exchange running for not more than three months and bearing three endorsements or not less than two names of well-known solvency. They were required to exchange their notes for German money having currency at Berlin, or Frankfort, and redemption must not be delayed beyond the morrow of the presentation of the note.¹ Banks accepting these conditions obligated themselves to receive at their face value, in branches established in cities of more

¹ Noel, I., 320-23.